

# Enhancing Latino Retirement Readiness in California

Presentation to the California Secure Choice  
Retirement Savings Investment Board

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# Who Is NCLR?

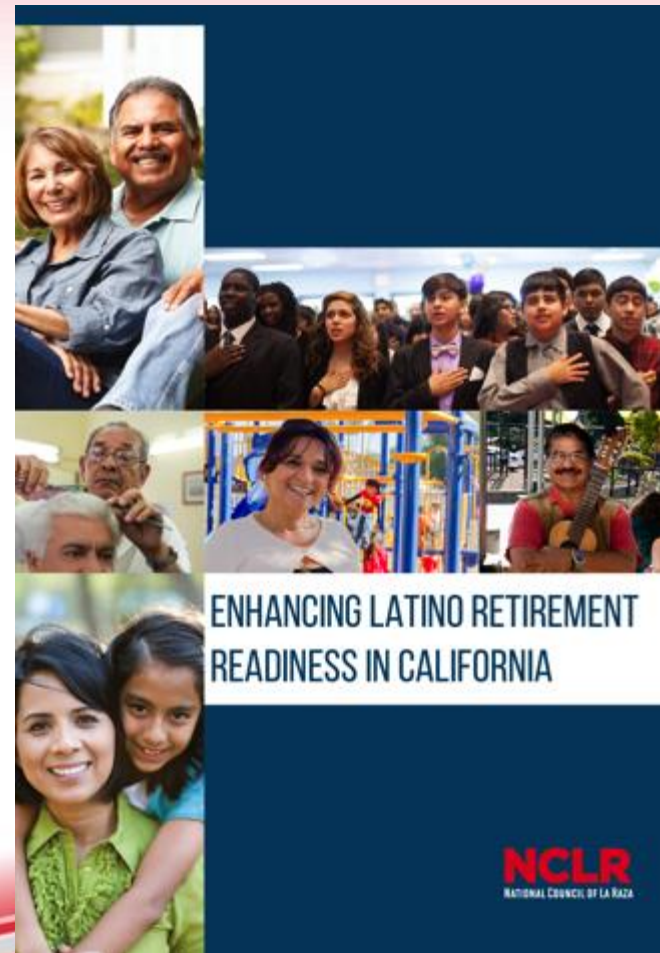
## NCLR California Affiliate Network



- The largest national Hispanic civil rights and advocacy organization in the United States
- Founded in 1968
- Network of nearly 300 affiliated community-based organizations
- 61 Affiliates in California, serving 3.1 million Californians per year

# NCLR's Retirement Portfolio

- Social Security
  - Maintain what works.
  - Improve adequacy.
  - Increase access.
  - Ensure generational equity.
  - Include revenue options.
- Private retirement
  - Increase access.
  - Create savings opportunities that support a variety of savings goals.
- Link to report:  
<http://www.nclr.org/images/uploads/publications/LatinoRetirementReadiness2015.pdf>



# Focus Group Participants

- Summer 2014
- Two groups in Fresno, CA
- Two groups in Los Angeles, CA
- Segmented by:
  - Acculturation
  - Income: < \$39,000 and \$39,000–\$75,000
  - Mix of those with and without access to employer-sponsored retirement plans
- Identified as Hispanic or Latino using the U.S. Census Bureau definition
- Worked at least 20 hours per week
- Diverse representation of industries, family composition, and ethnic subgroups

# In Their Own Words: Retirement Readiness

“I’ve been saving so that when I retire I can also enjoy life. I want to go places. I don’t want to depend on anyone else.”

“Paying my bills off. Trying to get rid of debt. Ensuring that I have a new vehicle at that age that's paid off so there's no payment.”

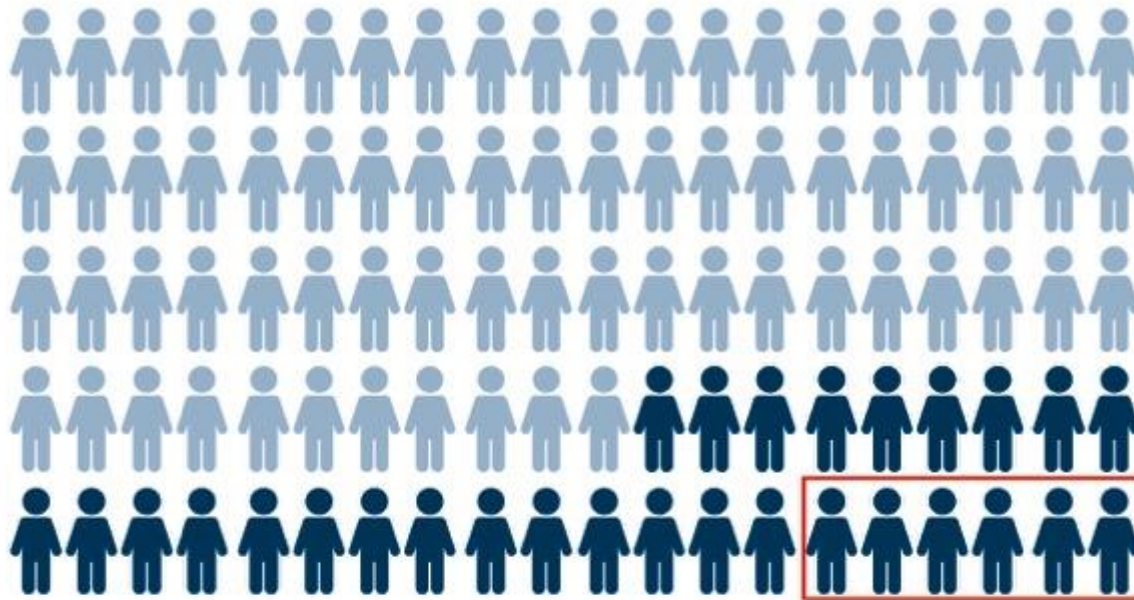
“I lived to help my family. Now it’s time to focus more on myself.”

# A Culture of Saving

“It's what we were taught by our parents. They worked hard, so you work hard to earn your money and pay your bills. It's something that's taught I think.”

“When we first arrived [in the U.S.], whatever we earned, we spent. There came a time when there was no work and we had to get by with the basics. From that we learned that we had to save when we work.”

# Workplace-Based Retirement Plans: Low Access and Participation



Only **29%** of Latinos in California have access to an employer-sponsored retirement plan.

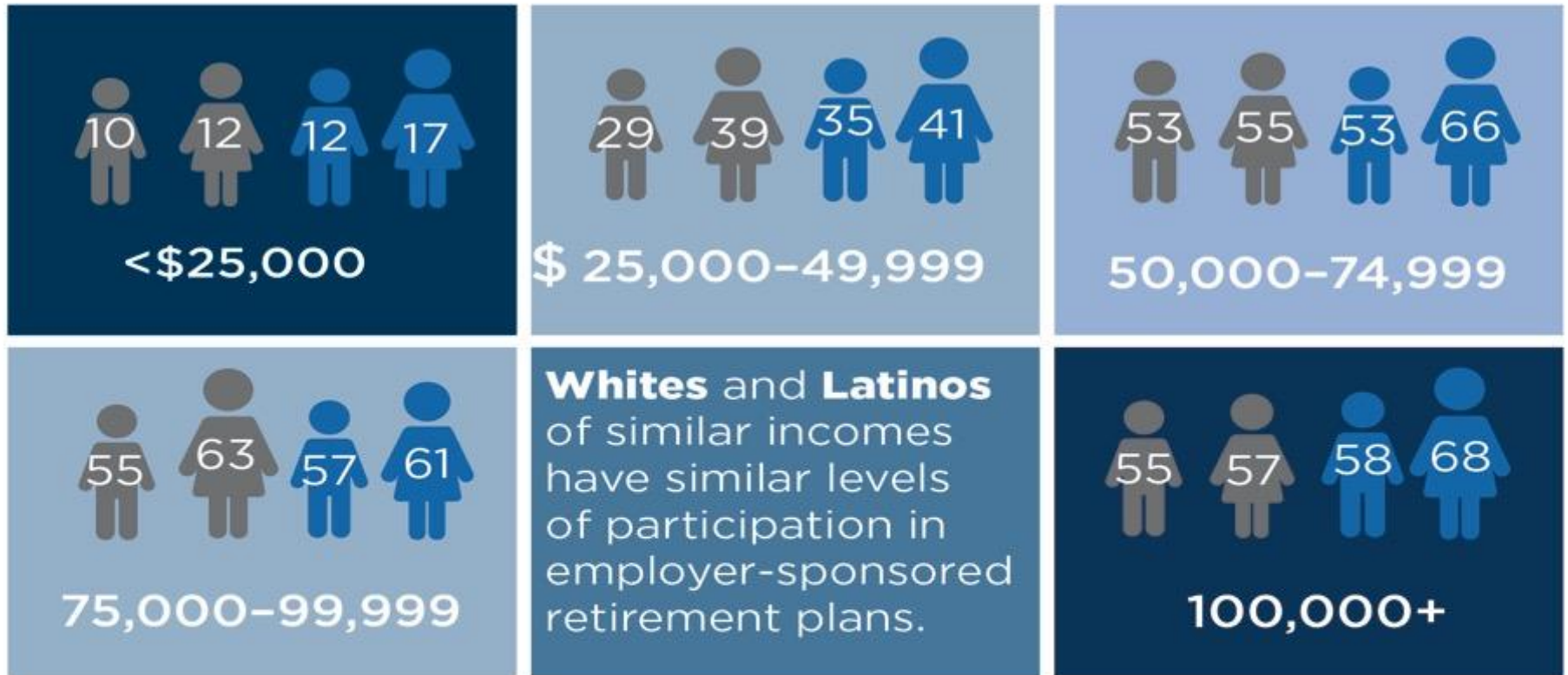
Of those, only **21%** participate in the plan.

■ NO ACCESS 71%

■ ACCESS 29%

Source: NCLR analysis of Current Population Survey, *Annual Social and Economic Supplement*, March 2014. Sample universe consists of private sector workers (including both incorporated and unincorporated self-employed) ages 18 and over in California.

# Income and Plan Participation



 LATINO MALES

 LATINO FEMALES

 WHITE MALES

 WHITE FEMALES

 = PARTICIPATION RATE (%)



# Secure Choice: Key Plan Features to Improve Access and Participation



- Universality
- Automatic enrollment
- Default contribution size and flexibility to increase
- Portability

# Additional Features Could Improve Adequacy of Savings



- Automatic escalation
- Flexibility of funds
- Simplicity and good customer service
- Perception of the benefits of the program

# Flexibility of Funds



“Are you going to be able to change it, like if someone got sick, like cancer? It does happen. My husband is a survivor, and that made a big difference in life. You don't see that coming, and when it comes, if [you] are able to go in and say I have a hardship right now, can you lower it?”

# Perception of the Program

“When they told us about the 401(k), I didn’t understand very well. When it started, I began with an aggressive plan. The boss told us that he was going to put in a percent. I didn’t know if at retirement I was going to receive the money I invest. They didn’t explain that to us. But after three months, I saw I had earned money on what I had invested.”



# Further Policy Considerations

- Create a refundable state saver's credit.
- Establish retirement savings plans for the self-employed.
- Restore the value of California's minimum wage.
- Engage more Latinos in the financial mainstream.
- Research effective outreach efforts to enroll Latinos.



**JOIN US** for a panel discussion on  
**ENHANCING LATINO RETIREMENT  
READINESS IN CALIFORNIA**

**Wednesday, May 6, 2015,  
11:00 am**

**NEW Economics for Women  
303 S. Loma Drive  
Los Angeles, CA 90017**

**MODERATOR**

**Carmen Rita Wong**, President and Founder of Malecon Productions, former co-creator and host of CNBC's On the Money

**WELCOMING REMARKS**

**Lata Reddy**, Vice President, Corporate Social Responsibility, and President of the Prudential Foundation

**PANELISTS**

**Della de la Vara**, Vice President, California Region, NCLR

**Harry Dalessio**, Vice President, Sales and Strategic Relationships, Prudential Retirement

**Maggie Cervantes**, Executive Director, NEW Economics for Women

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